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The Commoditization of Human Capital

By Jim Carroll

With the political storm that is now raging around outsourcing and "off-shoring," one fact seems to be rather obscured: it is happening because many individuals, and likewise, many professions, have not managed to make a transition from a role that is tactical to one that is strategic.

Jim Carroll

And as corporations continue to refocus their workforce structure for an economy which demands ever increasing productivity, flexibility and innovation, they've come to realize that there are many routine, day to day, transaction oriented functions that need not be undertaken in house.

Not only that, but they are busy learning that with global connectivity, they can now access highly talented professionals wherever they might be. The result is that it isn't just transaction oriented jobs that are being affected, but increasingly, other jobs that have long demanded certain professional skills and insight.

It's a perfect storm – one that is resulting in the ongoing commoditization of human capital.

No One is Immune

We live in a time in which it really doesn't quite matter where certain types of work is performed. In Bangalore, India, you can find a one-square block area where a variety of skilled professionals are providing services that range from home mortgage processing and approval, medical CT scanning, chip design and software development, right next to another group that is doing the processing of tax returns.

Which leads to this simple reality: those individuals who provide a function that is strictly tactical will find that their job could be at risk. The only way out is to undertake an evolution in which they provide a more strategic role to the organization for whom they work.
How do they do this? By ensuring that they move away from anything that is routine, day to day, task oriented, into a role in which they apply their skills and talents in a way that helps the organization change, innovate, grow and prosper.

That's why, as association executives, one of the most important things you can do is assist them in making this transition.

Understanding of Strategy is Critical

The transition can come about if individuals fulfill a function that helps in the direct achievement of corporate or organizational goals.

This can be a problem for many professions, careers and jobs. For example, one recent survey of major organizations found that only 12% of senior business executives believe that a majority of their information technology staff understood the company's business strategy! That's a big disconnect – it means that there are people in this sector who are going about their day to day jobs, doing what they do, day in day out, without

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any real understanding of why they are doing it!

In my experience, I don't think this is an isolated reality. In preparing for countless keynote presentations and workshops, I've discovered associations, professions and groups of people who seem rather oblivious as to how to play a strategic role. They are stuck in a rut, doing the same type of thing day in, day out.

It's most obvious when you consider the catch phrase that drives their approach to what they do in their world of routine: "We've always done it that way!"

Yet the transition to a strategic role need not be all that difficult. Obviously, the first step involves taking the time to understand the organizational strategy, and learning how their skills can help to achieve that understanding. This means learning how to help the organization achieve three simple goals.

• Run the business better: how can you help the organization achieve cost savings, productivity improvements and/or efficiencies through the application of your knowledge and skills?

• Grow the business: how can you help the organization attain competitive advantage and/or revenue enhancement through what you do?

• Transform the business: how can you help in the achievement of other core business or organization goals through the application of the unique talents and insight that you possess?

That's it – in my experience, that's the key in making a transition from working tactically, to one that is strategic.

It involves moving away from routine, day to day "stuff," to a function that is more results oriented, provides greater benefit, and helps the organization to deal with a world that is far more complex that ever before. One that is less concentrated on the issues of the here-and-now, and more on the challenges and change required for the future. One that doesn't involve regular and routine work processes, but instead, constant innovation and imagination.

All undertaken with three simple goals in mind: how am I helping to better run the business, grow the business, and transform the business. That's a mindset that is forward thinking, rather than one that is concentrated on the mundane problems of today. And the fact is, when intelligently done, the shift from tactical to strategic has worked brilliantly within some organizations. For example, at BASF, HR professionals once spent 62% of their time doing clerical work, but are now focused on everything from career development to acquisition integration and the actual management of outsourced routine.

That kind of career and skill transformation is certainly possible for any professional and any individual, if they put their minds to it.

Otherwise, they'll find themselves in a world that continues with the relentless and ongoing commoditization of human capital.

Futurist, trends & innovation expert Jim Carroll regularly speaks on trends, the future, innovation and change.

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